

## The Time Is Now for Property Tax Relief

By Phil Andrews

Published in the *Potomac Almanac* May 13, 2004

Oliver Wendell Holmes once said that taxes are the rent we pay for civilization. That's right, but even the venerable Justice Holmes might have shaded that view a little had he lived in Montgomery County and had he recently received his updated property tax assessment.

Every year one-third of the properties in the County are reassessed by the state for purposes of taxation. Folks who received their reassessments two years ago were floored by increases averaging 47 percent. Last year homeowners were socked with average increases of 55 percent. This summer, the final shoe will drop and if you haven't yet received your reassessment...well, you better be sitting down when you tear open the envelope.

Although state law puts a 10 percent cap on how much a homeowner's bill can increase from one year to the next, assessment hikes such as these mean automatic increases at the maximum of 10 percent as far as the eye can see.

Ten percent compounded over seven years means a doubling of most peoples' tax bills – unless the County Council steps in, as it ought to do, and provides property tax relief.

This County saw a similar tide of rising assessments in the late 1980s. The result was passage of the Fairness in Taxation amendment to the Montgomery County Charter. That provision permits property taxes only to increase from one year to the next by the amount of inflation—plus the value of new construction – unless seven of nine Councilmember vote to override the Charter limit.

For ten years, the Council adhered to the Charter limit. For the past two years, however, the Council has voted to exceed the limit by keeping property tax rates the same, instead of lowering them as the Charter limit would require. And the Council is assuming it will do the same this year. To come in at the Charter limit would open a \$44 million gap in the budget.

Given our critical needs in education, public safety, health and human services, and transportation, I frankly don't see how we can come in under the Charter limit. That's doesn't mean doing nothing, however.

I have proposed reducing the property tax rate in Fiscal Year 2005 by \$21.6 million – and offsetting that reduction by increasing the energy tax a like amount. Because the energy tax applies more to businesses – and to federal facilities in the County that are otherwise not taxed – the individual homeowner comes out ahead. The residential sector pays only 30 percent of energy taxes but fully 70 percent of property tax revenues.

If the Council doesn't approve even this modest measure, then we are clearly asking for trouble. A referendum on the November ballot will give voters a chance to use the self-service pump – voting themselves a tax cut by eliminating the ability of seven Councilmembers to override the County Charter limit on property taxes.

Some Councilmembers are balking at this measure because even a modest cut would reduce the base amount of property tax revenue on which future tax increases could be levied. These Councilmembers just don't get it. It's not their money – it's your money.

If we keep spending and spending – not setting priorities and shortchanging core services such as library hours and road and park maintenance while funding things that aren't "musts" – and at the same time refusing even modest property tax relief, then the voters will take the matter into their own hands.

We ought to give this modest property tax relief because it's the right thing to do. And, incidentally, it is the single biggest way to derail a draconian November referendum that truly could have the effect of hamstringing our ability to meet this County's future needs.

\* \* \*

Phil Andrews represents Rockville, Gaithersburg, Washington Grove, Derwood, and North Potomac on the County Council. He chairs the Council's Public Safety Committee.